



Patrick W. Henning, Director  
July 29, 2009  
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Arnold Schwarzenegger  
Governor

Mr. Robert Sainz, Assistant General Manager  
Community Development Department  
Workforce Development Division  
1200 West 7<sup>th</sup> Street, 6<sup>th</sup> Floor  
Los Angeles, CA 90017

Dear Mr. Sainz:

WORKFORCE INVESTMENT ACT  
85-PERCENT PROGRAM REVIEW  
FINAL MONITORING REPORT  
PROGRAM YEAR 2008-09

This is to inform you of the results of our review for Program Year (PY) 2008-09 of the City of Los Angeles Community Development Department's (CLACDD) Workforce Investment Act (WIA) 85-Percent program operations. We focused this review on the following areas: Workforce Investment Board and Youth Council composition, local program monitoring of subrecipients, management information system/reporting, incident reporting, nondiscrimination and equal opportunity, grievance and complaint system, and Youth program operations including WIA activities, participant eligibility, and Youth services.

This review was conducted by Mr. TG Akins from January 26, 2009 through February 6, 2009.

Our review was conducted under the authority of Sections 667.400 (a) and (c) and 667.410 of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by CLACDD with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations for PY 2008-09.

We collected the information for this report through interviews with CLACDD representatives, service provider staff, and WIA participants. In addition, this report includes the results of our review of selected case files, CLACDD's response to Section I and II of the Program On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2008-09.

We received your response to our draft report on May 13, 2009, and reviewed your comments and documentation before finalizing this report. Your response adequately addressed findings 1 through 4 cited in the draft report. However, these issues will remain open until we verify your implementation of your stated corrective action plan during a future onsite review. Until then, these findings are assigned Corrective Action Tracking System (CATS) numbers 90126, 90127, 90128 and 90129.

Because your response adequately addressed finding 5 cited in the draft report, no further action is required and we consider the issue resolved.

### **BACKGROUND**

The CLACDD was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2008-09, CLACDD was allocated: \$14,952,744 to serve 2,192 adult participants; \$14,984,577 to serve 2,336 youth participants; and \$10,620,979 to serve 1,264 dislocated worker participants.

For the quarter ending December 31, 2008, CLACDD reported the following expenditures for its WIA programs: \$2,136,975 for adult participants; \$6,202,608 for youth participants; and \$2,360,247 for dislocated worker participants. In addition, CLACDD reported the following enrollments: 1,565 adult participants; 1,598 youth participants; and 736 dislocated worker participants. We reviewed case files for 43 of the 3,899 participants enrolled in the WIA program as of January 26, 2009.

### **PROGRAM REVIEW RESULTS**

While we concluded that, overall, CLACDD is meeting applicable WIA requirements concerning grant program administration, we noted instances of noncompliance in the following areas: Workforce Investment Board (WIB) and Youth Council composition, acknowledgement of receipt for nondiscrimination and equal opportunity policies and grievance and complaint procedures, and work permits. The findings that we identified in these areas, our recommendations, and CLACDD's proposed resolution of the findings are specified below.

### **FINDING 1**

**Requirement:** WIA Section 117(b)(2)(A)(iii) states, in part, that the composition of the local WIB shall include representatives of local labor organizations. 20 CFR 661.315(a) states that the local WIB must contain two or more members representing the categories described in WIA Section 117(b)(2)(A)(iii).

20 CFR 661.315(e) states, in part, that Chief Elected Officials (CEO) must appoint business representatives from among individuals who are nominated by local business organizations and business trade associations. CEOs must appoint the labor representatives from among individuals who are nominated by local labor federations (or, for a local area in which no employees are represented by such organizations, other representatives of employees).

WIAD06-21 states, in part, that SB293 requires that at least 15 percent of local board members shall be representatives of labor organizations unless the local labor federation fails to nominate enough members.

**Observation:** We observed that the local WIB does not have 15 percent of its membership from labor organizations. Specifically, the official WIB composition states that 7 of its 51 members will be representatives from labor organizations, which is only 13.7 percent. Based on 51 members, an additional labor representative is needed to meet the 15 percent requirement. Because the local labor federation recently submitted multiple names to fill the vacancy for the seventh labor representative, they have provided enough candidates for the local WIB to meet the 15 percent labor representation requirement.

**Recommendation:** We recommended that CLACDD provide the Compliance Review Office (CRO) with a Corrective Action Plan (CAP), including a timeline, for appointing the required labor representatives to their WIB. We also recommended that CLACDD provide CRO with a copy of an updated WIB roster after the positions are filled.

**CLACDD Response:** The CLACDD stated that the Executive Committee has approved nominations for WIB members, including a representative from LA County Federation of Labor. The CLACDD anticipates that these candidates will be approved by June 30, 2009. Lastly, a copy of an updated roster will be provided after the Mayor has approved the positions by the end of August 2009.

**State Conclusion:** The CLACDD's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify CLACDD's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 90126.

## **FINDING 2**

**Requirement:** 20 CFR 661.335 states, in part, that the membership of each Youth Council must include members who represent parents of eligible youth seeking assistance.

**Observation:** We observed that CLACDD's Youth Council does not include a member who is a parent of an eligible youth seeking assistance. According to CLACDD staff, this seat has been vacant for over a year.

**Recommendation:** We recommended that CLACDD provide CRO with a CAP, including a timeline, to fill the seat for a parent of an eligible youth seeking assistance. Furthermore, we recommended that CLACDD provide CRO with a copy of the Youth Council roster after the vacant position is filled.

**CLACDD Response:** The CLACDD stated that a parent has been nominated to serve on the Youth Council. It is anticipated that final approval will be completed by June 30, 2009. Lastly, a copy of an updated roster will be provided after the Mayor has approved the position by the end of August 2009.

**State Conclusion:** The CLACDD's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify CLACDD's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 90127.

## **FINDING 3**

**Requirement:** 20 CFR Section 667.275(a)(1) states, in part, that recipients must comply with the nondiscrimination provisions and equal opportunity provisions.

20 CFR Section 667.600 states, in part, that local areas must establish and maintain a procedure for grievances and complaints.

WSD07-6 states, in part, that a copy of the acknowledgement of receipt of the nondiscrimination and equal opportunity policies

must be signed by the participant and included in the participant's case file.

WSD08-4 states, in part, that a copy of an acknowledgement of receipt of the local grievance and complaint procedures shall be signed by the participant and included in each participant's case file.

**Observation:** We observed that five out of 43 case files reviewed did not contain a signed acknowledgement of receipt for either nondiscrimination and equal opportunity policies or grievance and complaint procedures. All five of these participants have been exited from the program.

**Recommendation:** We recommended that CLACDD provide CRO with a CAP which states how it will, in the future, ensure that a signed copy of the acknowledgement of receipt for the nondiscrimination and equal opportunity policies, and the grievance complaint procedures, is maintained in the case file for all participants.

**CLACDD Response:** The CLACDD stated that they have issued a directive reiterating the importance of maintaining the signed acknowledgment of receipt of the nondiscrimination and equal opportunity policies and the grievance complaint procedures. In addition, all program monitors will conduct checks for these documents during reviews.

**State Conclusion:** The CLACDD's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future onsite visit, CLACDD's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 90128.

#### **FINDING 4**

**Requirement:** California Education Code Section 49160 states, in part, that no person, firm or corporation shall employ, suffer, or permit any minor under the age of eighteen to work in or in connection with any establishment or occupation, except as provided in Section 49151, without a permit to employ, issued by the proper educational officers in accordance with law.

California Labor Code Section 1299 states, in part, that every person, or agent or officer thereof, employing minors, either directly or indirectly through third persons, shall keep on file all permits and certificates, either to work or to employ.

**Observation:** We observed that one case file for a 17 year old participant showed the youth was placed by Archdiocesan Youth Employment Services (AYE) in a paid internship at LA Swim Stadium, but was not issued a work permit. Instead, the case file contained the application for a work permit.

**Recommendation:** Since the participant is no longer underage, AYE will not need to issue the required work permit. However, we recommended that CLACDD provide CRO with a CAP to ensure that, in the future, a work permit is issued and documented in the case file for all underage participants who are placed in an employment activity while enrolled in the program.

**CLACDD Response:** The CLACDD stated that they issued a directive which reminds contractors that prior to permitting a minor to work, employers must possess a valid permit to employ and work. In addition, the directive requires that all worksite agreements have a copy of the work permit attached. Lastly, the directive will remind contractors that any youth without a valid work permit will have all costs associated with their participation questioned and potentially disallowed.

**State Conclusion:** The CLACDD's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future onsite visit, CLACDD's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 90129.

## **FINDING 5**

**Requirement:** WIA Section 129(a)(5) states, in part, youth funds may be used to provide incentives for recognition and achievement to eligible youth.

20 CFR Section 663.800 states, in part, that supportive services are those services necessary to enable an individual to participate in WIA activities.

29 CFR Section 97.20(a)(2) states, in part, that fiscal control and accounting procedures of subgrantees must be sufficient to permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions.

OMB Circular A-87, Attachment A, Section C states, in part, that to be allowable, costs must be necessary and reasonable for proper and efficient performance and administration of Federal awards, and be adequately documented.

**Observation:** We reviewed one case file in which the individual received a \$10 gift card for registering in the WIA program, which is an activity completed prior to being found eligible to receive services. CLACDD staff were unaware of this practice by its subrecipient, UCLA Central, and were unable to provide a response from the provider regarding this practice.

**Recommendation:** We recommended that CLACDD take the necessary corrective action to determine the amount of WIA funds used to provide gift card to individuals for registering into the WIA program. In addition, we recommended that CLACDD provide CRO with documentation that all WIA funds used to reimburse the employee were refunded to the program.

**CLACDD Response:** The CLACDD provided a letter from the Director of the UCLA Community Based Learning program which stated that UCLA Central received 12 Target gift cards from a partner agency approximately two years ago. In the fall of 2008 they realized the cards had not been used and distributed them over a two month period between September and November 2008 as incentives. Also, CLACDD provided a list of how the 12 cards were distributed.

**State Conclusion:** Although the documentation provided is sufficient to resolve this finding, it is necessary to mention that incentives must be provided under an incentive policy that is uniformly applied to all participants.

We provide you up to 20 working days after receipt of this report to submit your response to the Compliance Review Office. Because we faxed a copy of this report to your office on the date indicated above, we request your response no later than

Mr. Robert Sainz

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July 29, 2009

August 26, 2009. Please submit your response to the following address:

Compliance Monitoring Section  
Compliance Review Office  
722 Capitol Mall, MIC 22M  
P.O. Box 826880  
Sacramento, CA 94280-0001

In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-6096.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is CLACDD's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain CLACDD's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact me at (916) 654-7541 or Mr. TG Akins at (916) 654-8428.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jessie Mar".

JESSIE MAR, Chief  
Compliance Monitoring Section  
Compliance Review Office

cc: Jose Luis Marquez, MIC 50  
Daniel Patterson, MIC 45  
Georganne Pintar, MIC 50  
Larry Scaramella, MIC 50